

STATE OF MARYLAND

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Office of the Secretary of State

Response to Department of Legislative Services Analysis and Recommended Actions

Senate Budget and Taxation Committee Sub-Committee on Health and Human Services Fiscal Year 2007 Operating Budget Hearing February 24, 2006

Performance Analysis: Managing for Results –

Number of Registered Charities Increase

The number of new charities in the State is increasing. Contributing to the increased registration trend is the Secretary of State's recent effort to find unregistered charities and to educate such organizations on the State registration requirements. Based on estimates, the number of registered charities will increase by 46% from fiscal 2001 to fiscal 2007. There is also an increase in the number of inquiries regarding registered charities in this time frame.

The office should comment on the success of its registration enforcement efforts and how it will impact its workload.

Office of the Secretary of State response:

An increase in the number of charities and information requests directly supports the Office's mission of providing the citizens of Maryland with information, services, and assistance relating to the constitutional, statutory, and regulatory functions assigned to the Office of the Secretary of State. The increase in registered charitable organizations is a direct result of the Office's efforts to contact established not-for-profit organizations that are not registered with the Office but are required to be. While an increase in these two items will certainly increase the Office's workload, the Office is prepared to meet the expected increase through cross-training of existing staff and through a better use of technology.

The primary responsibility of processing charitable organizations' registration materials and handling charity inquiries is assigned to the Office's three Charity Officers. To meet the demands caused by the expected increase in registered charities and information requests, the Office has cross-trained the

Charity Investigator, the Fund Raising Counsel Officer, and a Notary Officer to process charitable organization registration materials and handle charity inquiries.

In addition, using a high-speed scanner, in early 2005 the Office implemented an electronic scanning initiative for all charitable organizations' registration materials. All new and renewal charitable organizations' registration materials received by the Office are scanned into electronic documents. These electronic documents eliminate the need for physical storage and reduce the opportunity for misplaced or lost information. Also, since employees can access documents from their individual desktop computers, access to information for charity inquiries is much quicker and easier than a hard-copy filing system.

The cross-training of additional employees and efficiencies created from the electronic scanning initiative puts the Office in a position to handle the expected increase in registered charitable organizations and information requests with little disruption of the general operations of the Office.

Electronic Filing of Documents for the Maryland Register

The office's goal is to simplify agency preparation and filing of documents for publication in the Maryland Register. To do so, it has begun to accept electronic files from agencies. Previously, all documents to be published were received by the office in hard copy format only.

The office had expected to be able to accept 100% of documents electronically by fiscal 2006. However, only non-regulation documents are acceptable electronically in fiscal 2006.

The office should discuss the delay of its electronic filing system for the Maryland Register and if it will be able to meet its new goal of 100% of documents filed electronically in fiscal 2007.

Office of the Secretary of State response:

As stated in the analysis, all non-regulation documents are now being submitted for publication through electronic filing. Therefore, approximately 75% of all documents are filed through the new system. Programming for the much more complicated regulation module is expected to be completed in March, 2006. The Division has already begun training other agencies in electronic document preparation and will also provide separate training in how to use the system. Since the system also includes electronic filing with the Administrative, Executive and Legislative Review (AELR) Committee, specific training will be provided to Committee staff after the legislative session has concluded. This increased level of complexity for regulations has required increased time for development. We expect that the system will be available to agencies that have been trained beginning in May, 2006 and are hopeful that all regulations will be filed through the system by August, 2006. In any case, we feel certain that 100% of documents will be filed through the system during fiscal 2007.

Recommended Action #1 – Concur with Governor's allowance.

Office of the Secretary of State response:

The Office of the Secretary of State concurs with the recommended actions.